

# Impact and Risks of Welfare Reform

**Jon Wilson**

**Director of Adults and Communities  
Leicestershire County Council**

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Agenda Item 8



- The Welfare Reform Act 2012 was enacted in 2013 and introduced Universal Credit and several new reforms
- The Welfare Reform and Work Act became law in 2016 and introduced a duty to report to Parliament on progress made towards achieving full employment and the three million apprenticeships target in England
- The 2016 Act renamed the Child Poverty Act 2010 to become the Life Chances Act 2010 repealing local authorities duties to complete a needs assessment and Child Poverty Strategy.
- The Life Chances Act 2010 requires government to produce annual statistics on children in workless households and educational attainment at the end of Key Stage 4.

- Welfare reform affects working age adults significantly as the Act's main focus is encouraging people to enter employment.
- Most working age people will have a reduced income following a transfer to the new style benefits if they do not obtain employment.
- May cause financial hardship, increasing levels of deprivation and impact on the person's wellbeing.
- This may result in further work for Adult Social Care in terms of increased care packages and requests for assessments. It may also mean that we are unable to manage demand as more people enter crisis.
- Obtaining employment for a person with care and support needs is particularly challenging.
- Carer burden may increase if they have to work alongside caring as a result of decreased benefit.

- The Government's impact assessment on the benefit cap indicates that single women with children will be the most negatively affected by the cap (61% of the current cohort of people claiming benefits). This will require a shift in the types of employment that are available in the local area to reduce the impact of the problem so that parents can work flexibly around child care arrangements.
- The introduction of the 'two child' limit on benefits will adversely affect families where a third or subsequent child is born after April 2017. There are exceptions for multiple births.
- These families will also be adversely affected by the general freeze on the value of working age benefits until 2020.
- For those families who do not manage to obtain employment and see their benefits value reduce the risk of poverty and deprivation has been increased. This may impact the number of requests the CFS Department receives for low level support through Strengthening Leicestershire Families and potentially social care assessments due to financial hardship

- The effects and impact on those who are unable to secure employment and incur a reduced income may manifest as long term public health issues. This includes an increase in smoking, obesity (due to eating cheaper non healthy foods), winter deaths (due to fuel poverty), street drinking and sleeping rough. However, these long term effects are not evidenced at this time.
- Immediate impacts for Public Health will be evident through increased activity for First Contact+ and the Local Area Coordinators; this is something that can be actively monitored.

- Department of Work and Pensions statistical summaries for November 2016 identified that 19710 people were claiming Disability Living Allowance (DLA), of these 424 people were assessed in 2016 and their DLA was noted in their financial assessment. There have been 1975 assessments of this type since April 2014.
- This group of people may potentially see a drop in their DLA as they are moved to Personal Independence Payments and this could put pressure on Environment and Transport budgets.
- Further work is being carried out by the Transformation Unit to quantify the impact of benefit changes to social care transport.

- The main risk to the Council is that the Government's agenda to ensure more people enter employment and reduce their reliance on benefits doesn't work
- The full welfare reform risk assessment identified 14 key risks to the Council as a direct result of implementing welfare reform throughout Leicestershire.
- Currently 4 risks score 16, 8 score between 7 and 15, and 2 score 6 or less
- 10 were originally scoring over 16 but many mitigations are already embedded and operating soundly.

# Risks remaining with a high score

Risk description	Consequences	Score
If families do not meet one of the exceptions then they will not receive Child Tax Credit for births after 6/04/17 if they already have two or more dependents.	Then larger families may be exposed to poverty and hardship resulting in anti social behaviour and more referrals for public service support.	16
If the District Councils face greater demand on housing options and homelessness services	Then they may experience delays in payments and more landlords refusing to house people on benefits resulting in a requirement for further support from the Local Authority	16
If there is a long term decrease in quality of life	Then there will be a detriment to public health and long term life chances	16
If the wellbeing of the 'working poor' deteriorates	Then this may also impact on support services such as foodbanks, debt advice and referrals for social care support.	16



- The impact of many risks are unknown due to limited suitable data.
- The risk of increased poverty is likely if people do not obtain suitable employment as their income will decrease.
- CMT on the 31<sup>st</sup> August and the Cabinet Strategy and Co-ordination Group on the 12<sup>th</sup> September agreed to the following recommendations – ∞
  - Note the impact of the full report and risk register on people services
  - Support a project to scope options for a policy approach to poverty in Leicestershire which will report back in December

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